

From: David A Herron <daherron@fs.fed.us>
To: "Paul Baker" <paulbaker@utah.gov>
Date: 3/16/2010 4:45 PM
Subject: Re: DG&T Bond Escalation

Your spreadsheet looks good to me.

David Herron
Geologist - Ashley National Forest
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"Paul Baker" <paulbaker@utah.gov>
03/16/2010 04:04 PM

To
"Dave Herron" <daherron@fs.fed.us>
cc
"Leslie Heppler" <lheppler@utah.gov>
Subject
DG&T Bond Escalation

Dave--

Attached is a spreadsheet I put together escalating the reclamation bond for DG&T's Diamond Mountain quarry. The bond was originally calculated in 2002 and escalated to 2007 dollars. The 2002 amount was \$236,575, and the escalation to 2007 was \$271,900. The operator gave us a bond of \$275,000.

In the attached spreadsheet, I took the calculated figure from 2002 and used actual escalation numbers to bring it to 2010 (2008 was a negative number). To take it into the future, we use a three-year average--in this case 0.5%--and multiply it out. You can see on the spreadsheet that I came up with \$276,900 total which is about \$2000 more than they currently have.

I intend to write and let them know that, barring changes in the operations, they don't need to adjust the surety until 2015, but I would like to have your concurrence.

Please take a look at the numbers and let me know if you can agree with them. Let me know if you have questions or concerns.

Thank you.

Paul Baker
Minerals Program Manager

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[attachment "escalation-03112010.xls" deleted by David A Herron/R4/USDAFS]